

Message Text

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ACTION OPIC-06

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TAGS: BTIO EFIN YO

SUBJ: OPIC APPLICATIONS FOR POLITICAL RISK INVESTMENT INSURANCE:

PRODUCTION MACHINERY CORPORATION (158-76-114) AND WATERBURY

FARREL (158-75-193)

REF: BELGRADE 4741

PLEASE PASS TO ELLA E VICK, INSURANCE DIVISION, OPIC

1. THIS JOINT VENTURE WOULD HAVE A SUBSTANTIAL IMPORT SUBSTITUTION
EFFECT AND IS IN ONE OF THE ECONOMIC SECTORS HAVING PRIORITY STATUS I
N

THE 5 YEAR DEVELOPMENT PLAN OF YUGOSLAVIA 1976-1980. THE FACTORY
WOULD ALSO BE LOCATED IN ONE OF THE OFFICIALLY DESIGNATED UNDERDEVELO
PED

REPUBLICS OF YUGOSLAVIA. FOR THESE REASONS, EMBASSY CONSIDERS THAT TH
E

JOINT VENTURE IS ECONOMICALLY VERY DESIREABLE FOR YUGOSLAVIA.

2. THE JOINT VENTURE WAS REGISTERED WITH THE FEDERAL COMMITTEE FOR
ENERGY AND INDUSTRY, WHICH IS TANTAMOUNT TO GOVERNMENT APPROVAL, ON
SEPTEMBER 1, 1975.

3. ONE POINT THAT SHOULD BE CLARIFIED BEFORE THIS INVESTMENT TAKES
PLACE IS THE MEANS OF OBTAINING HARD CURRENCY FOR REPATRIATION OF
PROFITS. YUGOSLAVIA REQUIRES THAT ALL HARD CURRENCY FOR THIS
PURPOSE MUST BE OBTAINED BY THE JOINT VENTURE FROM
EXPORT EARNINGS. NEITHER APPLICATION SUBMITTED FOR THIS
PROJECT ANTICIPATES ANY SUCH EARNINGS.

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4. THE FACT THAT THE JOINT VENTURE WAS APPROVED BY THE YUGOSLAV GOVERNMENT IN SPITE OF THIS APPARENT DISCREPANCY MIGHT INDICATE THAT IT HAS SATISFIED THIS REQUIREMENT IN ANOTHER WAY. UNIS FOR EXAMPLE, MAY BE COOPERATING UNDER A DOMESTIC INDUSTRIAL COOPERATION ARRANGEMENT WITH ANOTHER EXPORTING COMPANY AND BE ABLE TO OBTAIN HARD CURRENCY IN THAT MANNER. OPIC MAY WISH TO CONTACT THE AMERICAN INVESTORS ON THIS POINT.
SILBERMAN

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